

May 25, 1960

File No.: 541

TO: [REDACTED] STATINTL

FROM: [REDACTED] STATINTL

SUBJECT: Contract SC-56-42 - Customer #1

I. INTRODUCTION

STATINTL
It is evident at this time, that the costs of this contract will exceed the amount originally requested at the end of the fiscal year by approximately [REDACTED]. This report will explain the necessity of the additional expenditures.

II. HISTORY

Last October, we proposed to return all charters on a rotational basis for factory overhaul. Coincidentally, we proposed to perform certain modifications which would improve both reliability and quality of end product. These proposals were accepted, providing the total expenditures of the division did not exceed the combined funding of the applicable contracts. Approval for the start of the overhaul and modification program was granted in October.

III. COST OVERRUN JUSTIFICATION

A. Funding

We were in error in assuming that the residual in contract LW-473 could be transferred to the subject contract.

B. General Repair Items

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We assumed a normal amount of general repair during this period. However, Charter Serial #9 was received in extremely bad condition, requiring replacement of the entire optical assembly plus extensive rework, repair and replacement of other parts. Driftsight Serial #108 was received at approximately the same time, and it also required an entire optical assembly plus extensive repair and replacement of other parts. We estimate that about [REDACTED] was expended on these two items.

C. Charter Overhaul

The charters have required more part replacement than we had anticipated. Items such as clutch discs, prisms, slit blades, and gear boxes are among them.

The resolution has not been up to standard. Each unit is being refocused and realigned.

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All overhauled charters are being environmental tested for temperature and altitude before shipment to insure performance and reliability in the field. Testing is presently being done at a commercial laboratory at a cost of [redacted] per unit.

IV. SUMMARY

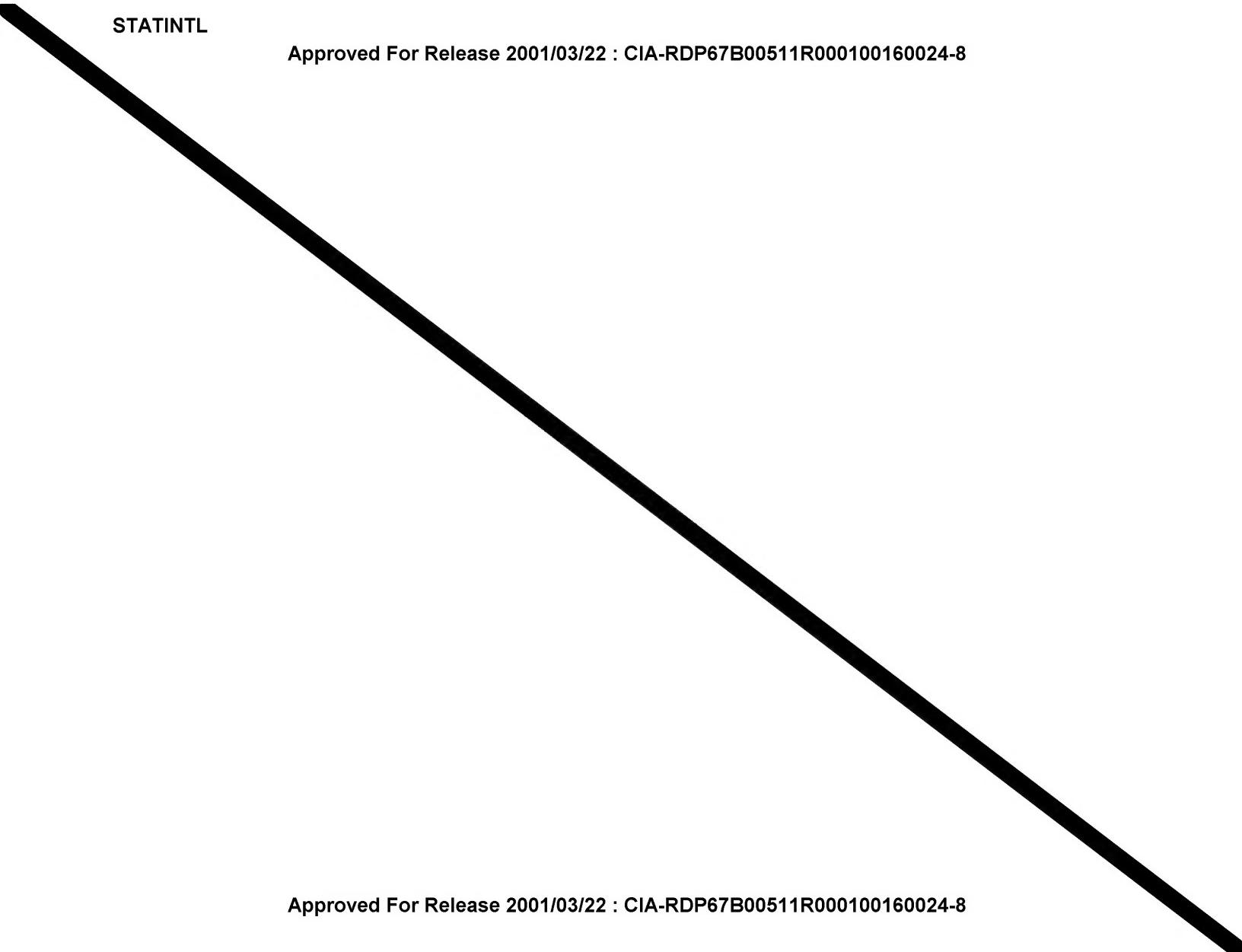
Figure one indicates expenditures per month with the periods of repair of Driftsight #108 and Charter #9 indicated. January was a 5 week accounting month which explains the sharp rise in costs.

Repaired and overhauled equipment is in better operating condition and more reliable than ever before. Every reasonable and practical effort is expended to achieve these ends.

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